FISCAL NOTE

SB 683 - HB 791

March 1, 2007

SUMMARY OF BILL: Authorizes the Commissioner of Revenue to levy assessments against taxpayers, for the recovery of recruitment costs and infrastructure costs incurred by the state as a result of certain economic development agreements, when such taxpayers have not met agreed-upon investment requirements or other specified requirements, and when such costs to the state exceeded $1.0 million.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - $28,000 One-Time

Other Fiscal Impact - The fiscal impact of this bill is dependent upon several unknown factors such as (1) the number of entities that would fail to comply with established requirements, (2) the extent of recruitment costs and infrastructure costs expended by the state, and (3) the percent of such costs actually recovered. As a result, the fiscal impact for this bill is not quantifiable.

Assumptions:

- The investment requirements referenced above are in regards to qualifying taxpayers for headquarter facility sales tax credits or sales tax credits for establishing qualified facilities to support emerging industries. The minimum investment requirements are $20,000,000 for the former and $100,000,000 for the latter.
- Given the minimum investment requirements established by current statute, few entities have the capability of entering into economic development agreements with the state. Therefore, fewer are expected to fall out of compliance with established requirements. However, if one entity failed to comply with established requirements every five years, and the state was successful in recovering all or portions of recruitment costs and infrastructure costs expended, then state revenues are expected to increase.
- The one-time increase to state expenditures for computer and software enhancements are estimated to be $28,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

James W. White, Executive Director